



Ninety-Ninth Legislature - First Session - 2005
Revised Committee Statement
LB 71

Hearing Date: January 25, 2005

Committee On: Agriculture

Introducer(s): (Stuhr, Baker, Burling, Combs, Connealy, Cunningham, Erdman, Fischer, Hudkins, Janssen, Kremer, Loudon, Raikes, Smith, Wehrbein)

Title: Reenact the Agricultural Opportunities and Value-Added Partnerships Act

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

7	Yes	Senator(s): Kremer, Wehrbein, Preister, Burling, Cunningham, Erdman, Fischer
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No

Present, not voting

1	Absent	Senator(s): Chambers
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Proponents:

Senator Elaine Stuhr
Marcia Baumann
Marvin Havlat
Ross Garwood
Rod Johnson
Tom Hansen
Cap Dierks
Vern Jantzen
Jim Knopik

Representing:

Introducer
Nebraska Rural Development Commission
Nebraska Hemp Growers Association
Nebraska Farm Bureau
Nebraska Pork Producers Association
Nebraska Cattlemen
Dierks Ranch
Nebraska Farmers Union
Self and Center for Rural Affairs

Opponents:

Representing:

Neutral:

Greg Ibach
Sandy Scofield

Representing:

Nebraska Department of Agriculture
University of Nebraska Rural Initiative

Summary of purpose and/or changes:

LB 71 proposes reauthorization of the Agricultural Opportunities and Value-Added Partnership Act first created by enactment of LB 1348 in 2000 and currently codified at §2-5401 thru §2-5412. The bill contains the following substantive elements:

- Legislative findings

Section 2 states legislative findings of an economic crisis in rural sectors of the economy and the need for interventive strategies to promote entrepreneurship and encourage farm and community scale value-added businesses.

- Definitions

Definitions of terms utilized in the bill are provided in section 3.

- Eligible entities and projects

Section 5 of the bill assigns a duty jointly to the Department of Agriculture and the Department of Economic Development to develop a process for soliciting, processing and awarding grant applications submitted under authority of the Act. Grants of up to \$75,000 annually may be awarded for a qualifying purpose that is a qualifying activity by applicants meeting prescribed eligibility requirements.

- Purposes to be accomplished by the Act are enumerated in Section 4, generally enumerating desirable economic outcomes or conditions to be advanced by eligible projects. Section 5(2) specifies funds appropriated to the program are to be distributed 25% to projects that support the first 4 purposes enumerated, 25% to the remaining 4 purposes, and 50% for projects that advance any purpose.
- Section 6 lists eligible entities including governmental and economic development entities, and collaborations between farming and ranching entities and between farming and ranching entities and other entities.
- Eligible projects are enumerated under Section 7 to include:
 - a. research,
 - b. education and training,
 - c. market development,
 - d. marketing research and other types of business planning,
 - e. cooperative formation
 - f. community initiatives
 - g. creation, retention or recruiting of value-added businesses to rural areas
 - h. efforts to obtain startup capital or funds for capital investments
 - i. community based or farmer-rancher owned value-added initiatives
 - j. other activities that fulfill purposes of the act
- Three specific eligibility criteria are enumerated in Section 8 which requires that applicants meet the following conditions:
 - a. be able to document at least 25% applicant match of grant funds in any combination of money or in-kind contributions
 - b. specify measurable goals and outcomes
 - c. specify a process for evaluation the project impact

- Grant limitations

Limitations on the amount and duration of grants that may be received are specified in Section 5 of the bill and in other places throughout the Act. These include the following:

- \$75,000 maximum amount of grant awarded in a single year to an applicant
- Grants are awarded on a 1-year basis but may be renewed annually for up to three years. The Departments are to make a determination upon performance review annually that the project merits an additional year of funding.
- Grant funding may not replace other funding for administrative support of the applicant entity
- Grants may not be used for the purpose or benefit of a single business, enterprise or individual.

- Additional Duties and authorities

- Section 9 requires the Departments to submit an annual report to the Legislature. Prescribed contents include listing of recipients and amounts awarded, documented impacts of the grants, and evaluation of the performance of the recipient project against predetermined goals and outcomes
- Section 10 authorizes the Departments to adopt rules and regulations to carry out the purposes of the Act. Projects funded by the grants are to be coordinated with other organizations that provide assistance for similar purposes for which the grants are made available.
- Section 11 creates the Agricultural Opportunities and Value-Added Partnership Cash Fund to receive legislative appropriations and other funds received for purposes authorized by the Act.

Explanation of amendments, if any:

The committee amendments accomplish the following:

- Assigns authority to develop regulations and prepare annual reports, and primary administrative responsibilities for the program, to the Department of Economic Development but retains provisions of the introduced bill for collaboration between the Departments of Agriculture and Economic Development.
- Strikes subsection 2 of section 5 removing a prescribed distribution of grant awards to remove an impediment to awarding grants to the most meritorious projects.
- Adds a new section to provide express recapture authority in the event grant funds are obtained fraudulently or misappropriated by the recipient.

Senator Bob Kremer, Chairperson